

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2009-380-C - ORDER NO. 2009-\_\_\_\_\_

\_\_\_\_\_, 2009

IN RE: Application of Velocity The Greatest Phone	)	ORDER GRANTING
Company Ever, Inc. for a Certificate of	)	CERTIFICATE
Public Convenience and Necessity to	)	
Provide Interexchange and Local Exchange	)	
Telecommunications Services and for local	)	
service offerings to be regulated in	)	
accordance with procedures authorized	)	
for NewSouth Communications	)	
in Order No. 98-165 in Docket No.	)	
97-467-C; and for interexchange service	)	
offerings to be regulated in accordance	)	
with procedures established for alternative	)	
regulation in Order Nos. 95-1734 and	)	
96-55 in Docket No. 95-661-C	)	

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of Velocity The Greatest Phone Company Ever, Inc. ("Applicant", "Velocity" or the "Company") for authority to provide local exchange and interexchange telecommunications services within the State of South Carolina (the "Certification Application"). Further, the Company requests that the Commission regulate its local retail telecommunications services in accordance with the principles and procedures established for flexible regulation in Order No. 98-165 in Docket No. 97-467-C. In addition, the Company requests that the Commission regulate its business interexchange service offerings under modified alternative regulation as set forth in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C.

The Company's Application was filed pursuant to S.C. Code Ann. Section 58-9-280, S.C. Code Ann. Section 58-9-585 and the Rules and Regulations of the Commission. By letter, the Commission instructed the Applicant to publish, one time, a prepared Notice of Filing in newspapers of general

circulation in the areas affected by the Application. The purpose of the Notice of Filing was to inform interested parties of the manner and time in which to file the appropriate pleadings for participation in the proceeding. The Company complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. Petitions to Intervene were received from the South Carolina Telephone Coalition ("SCTC") and Home Telecom, Inc./Home Telephone Company, Inc. ("Home"). Subsequently, counsel for SCTC filed a Stipulation with the Commission; the SCTC withdrew its opposition to the granting of a statewide Certificate of Public Convenience and Necessity to the Company provided the conditions contained in the Stipulation are met. The Stipulation is approved and attached as Order Exhibit 1.

A hearing commenced on December 14, 2009, at 11:30 a.m. in the Commission's Law Library. The Honorable F. David Butler, Hearing Examiner, presided. Scott Elliott, Esquire, represented the Company. Nanette S. Edwards, Esquire, represented the Office of Regulatory Staff ("ORS"). Margaret M. Fox, Esquire represented SCTC and Home. Chip Werner, the Applicant's President, appeared and testified in support of the Application.

At the outset of the hearing, Home and Velocity introduced a Stipulation into the record. Home withdrew its opposition to the granting of a statewide Certificate of Public Convenience and Necessity to the Company provided the conditions contained in the Stipulation are met. This Stipulation is approved and entered into the record as Order Exhibit 2.

According to the record, Velocity is a Delaware Corporation. The Applicant has received authority from the South Carolina Secretary of State to transact business within the State of South Carolina. According to Mr. Werner, the Company will provide resold local exchange telecommunications services and resold interexchange telecommunications services. The Applicant's services will be marketed and provided primarily to national business customers and will offer such

services on a twenty-four hour a day, seven (7) day-a-week basis. Mr. Werner further testified regarding the managerial experience of the Company's executives as well as the financial status of the Company. Mr. Werner also testified that the Company had substantial financial resources to ensure the viability of the Company. Finally, Mr. Werner testified that granting the Application will introduce a telecommunications service provider committed to providing high-quality and advanced services that will further increase telecommunications competition in the State of South Carolina. He opined that the Commission's granting of the Application is therefore in the public interest.

Mr. Werner stated that the Company will abide by all applicable Commission rules, regulations and Orders upon the Company receiving certification to provide intrastate interexchange and local exchange telecommunications services in South Carolina. Mr. Werner also asserted that the service provided by the Company will meet the service requirements of this Commission.

The Applicant requested certain waivers of Commission regulations. The Company requests that it be exempt from any rules or regulations that would require it to keep financial records in conformance with the Uniform System of Accounts ("USOA"). Additionally, the Company seeks a waiver of S.C. Code Ann. Regs. 103-631 so that it will not be required to publish local exchange directories. The Company will contract with incumbent local exchange carriers for the inclusion of the Company's CLEC databases into the master customer database of the local exchange carrier. The Applicant also requested that the Company be granted a waiver of 26 S.C. Code Ann Regs. 103-610, so that the Company may be permitted to maintain its records outside of South Carolina. The Company wishes to maintain its books and records at its principal place of business. Last, since the Applicant's local exchange calling areas will initially mirror the service area of the incumbent local exchange carriers, the Company requested a waiver of the map filing requirement of 26 S.C. Code Ann. Regs. 103-612.2.3.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

### **FINDINGS OF FACT**

1. The Company is a duly organized limited liability company which exists under the laws of the State of Delaware and has been authorized to do business in the State of South Carolina by the Secretary of State.
2. The Company is a provider of local exchange and interexchange telecommunications services and wishes to provide its services in South Carolina.
3. The Company has the managerial, technical, and financial resources to provide the services as described in its Application. S.C. Code Ann. Section 58-9-280 (B)(1).
4. The Commission finds that the Company's "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. Section 58-9-280 (B)(3).
5. The Commission finds that the Company will support universally available telephone service at affordable rates. S.C. Code Ann. Section 58-9-280 (B)(4).
6. The Commission finds that the services to be provided by the Company will meet the service standards of the Commission. S.C. Code Ann. Section 58-9-280 (B)(2).
7. The Commission finds that the provision of local exchange service by the Company "does not otherwise adversely impact the public interest." S.C. Code Ann. Section 58-9-280 (B)(5).

### **CONCLUSIONS OF LAW**

1. The Commission concludes that the Company possesses the managerial, technical, and financial resources to provide the competitive local exchange and interexchange telecommunications services as described in the Application.
2. The Commission concludes that the Company's "provision of service will not adversely impact

the availability of affordable local exchange service."

3. The Commission concludes that the Company will participate in the support of universally available telephone service at affordable rates to the extent that the Company may be required to do so by the Commission.

4. The Commission concludes that the Company will provide services that will meet the service standards of the Commission.

5. The Commission concludes that the provision of local exchange services by the Company will not otherwise adversely impact the public interest.

6. Based on the above findings of fact and conclusions of law, the Commission determines that a statewide Certificate of Public Convenience and Necessity should be granted to the Company to provide competitive local exchange services. The terms of the Stipulations between the Company and SCTC and the Company and Home are approved and adopted as a part of this Order. In particular, any proposal to provide local telecommunications service to rural service areas is therefore subject to the terms of the Stipulations. In addition, the Company is granted authority to provide interexchange telecommunications service through the resale of services offered by other carriers approved by the Commission.

7. The Commission concludes the Company's local exchange telecommunications services shall be regulated in accordance with the principles and procedures established for flexible regulation first granted to NewSouth Communications by Order No. 98-165 in Docket No. 97-467-C. Specifically, the Commission adopts for the Company's competitive intrastate local exchange services a rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels that will have been previously approved by the Commission. Further, the Company's local exchange service tariff filings are presumed valid upon filing, subject to the Commission's

right within thirty (30) days to institute an investigation of the tariff filing, in which case the tariff filing would be suspended pending further Order of the Commission. Further, any such tariff filings will be subject to the same monitoring process as similarly situated competitive local exchange carriers.

8. The Commission adopts a rate design for the long distance services of the Company consistent with the principles and procedures established for alternative regulation of business service offerings set out in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C and modified by Order No. 2001-997.

9. Under the Commission approved modified alternative regulation, the business service offerings of the Company, including consumer card services and operator services, are subject to a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 1995-661-C. However, pursuant to Order No. 2001-997 (Docket No. 2000-407-C), this Commission has modified alternative regulation by the re-imposition of rate caps with regard to certain "operator-assisted calls" where a customer uses a incumbent local exchange carrier's calling card to complete calls from locations which have not selected that local exchange carrier as the toll provider. Order No. 2001-997, dated November 8, 2001, imposed a maximum cap of \$1.75 for operator surcharges for such calls, and a maximum cap of \$0.35 related to the flat per-minute rate associated with these calls. Under this relaxed regulatory scheme, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until further Order of the Commission. Any relaxation in the future reporting requirements that may be adopted for AT&T *shall* apply to the Company also.

10. With regard to the residential interexchange service offerings of the Company, the Commission adopts a rate design that includes only maximum rate levels for each tariff charge. The Commission has previously adopted a rate structure incorporating maximum rate levels. In Re: Application of GTE Sprint Communications Corporation, etc. Order No. 84-622, issued in Docket No. 1984-10-C (August 2, 1984).

11. With regard to residential interexchange service rates, the Company shall not adjust its residential interexchange service rates below the approved maximum levels without notice to the Commission and to the public. The Company shall file its proposed rate changes, publish notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances that do not affect the general body of subscribers or do not constitute a general rate reduction, In Re: Application of GTE Sprint Communications, etc. Order No. 93-638, issued in Docket No. 1984-10-C (July 16, 1993). Any proposed increase in the maximum rate level for residential interexchange services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540.

12. We conclude that the Applicant's request for waiver of 26 S.C. Code Ann. Regs. 103-610 should be granted, since strict compliance with the regulation potentially causes undue hardship on the Company. We also grant exemption from the policies requiring the use of USOA. In addition, we grant waiver of 26 S.C. Code Ann. Regs. 103-631, which requires publication and distribution of a local telephone directory. Last, we grant a waiver of 26 S.C. Code Ann. Regs. 103-612.2.3, which requires filing a map of the service territory.

**IT IS THEREFORE ORDERED, ADJUDGED AND DECREED THAT:**

1. A Certificate of Public Convenience and Necessity is granted to Velocity to provide competitive local exchange and interexchange telecommunications services.
2. The terms of the Stipulations between the Company and the SCTC and the Company and Home are approved and adopted as part of this Order. The Stipulations are attached as Order Exhibit 1 and Order Exhibit 2, respectively. Any proposal to provide competitive local exchange telecommunications services to rural service areas is subject to the terms of the Stipulations.
3. The Company shall file, prior to offering local exchange services in South Carolina, an electronic version of its local service tariff with the Commission and ORS within 30 days of receipt of this Order.
4. The Company shall file, prior to offering interexchange services in South Carolina, an electronic version of its long distance tariff with the Commission and ORS within 30 days of receipt of this Order.
5. The Company is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that, for access charge purposes, resellers should be treated similarly to facilities-based interexchange carriers.
6. With regard to the Company's interexchange services, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.
7. To the extent the Company resells interexchange services, the Company shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If the Company changes underlying carriers, it shall notify the Commission in writing.
8. With regard to the origination and termination of toll calls within the same LATA, the Company shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in



Docket Nos. 1992-182-C, 1992-183-C, and 1992-200-C (June 3,1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the Federal Communications Commission ("FCC"), pursuant to the Telecommunications Act of 1996 (See 47 CFR 51.209). Specifically, the Company shall comply with the imputation standard as adopted by Order No. 93-462 and more fully described in paragraph 4 of the Stipulation and Appendix B approved by Order No. 93-462.

9. To the extent the Company may provide end user retail services, Velocity shall be required to comply with Title 23, Chapter 47, South Carolina Code of Laws Annotated which governs the establishment and implementation of a "Public Safety Communications Center," which is more commonly known as a "911 system" or "911 service." Services available through a 911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, the Commission hereby instructs the Company to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating. Contact with the appropriate authorities is to be made before providing voice or dial tone telephone service in South Carolina. Accompanying this Order is a memo from the State 911 Office at the Office of Research & Statistics of the South Carolina Budget and Control Board. This memo provides information about contacting County 911 Coordinators. By this Order and prior to providing voice or dial-tone services within South Carolina, the Applicant is directed to contact the 911 Coordinator in each county, as well as the 911 Coordinator in each city where the city has its own 911 system, and shall provide information regarding the Company's operations as required by the 911 system.

10. If it has not already done so by the date of issuance of this Order, Velocity shall file its revised tariff utilizing the Commission's e-filing system for tariffs. The revised tariff should be

electronically filed in a text searchable PDF format using the commission's DMS System (<http://dms.psc.sc.gov>). An additional copy should be sent via email to [etariff@psc.sc.gov](mailto:etariff@psc.sc.gov) to be included in the Commission's ETariff System (<http://etariff.psc.sc.gov>). Future revisions to the tariff should be made using the ETariff System. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

11. The Applicant shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of South Carolina specific information. Therefore, the Company shall keep financial records on its South Carolina operations to comply with the annual report and gross receipts filings. The proper form for filing annual financial information can be found at the Commission's website or at the ORS's website at [www.regulatorystaff.sc.gov](http://www.regulatorystaff.sc.gov). The title of this form is "Telecommunications Company Annual Report." This form shall be utilized by the Applicant to file annual financial information as directed by the Commission or ORS and shall be filed no later than April 1<sup>st</sup>.

Commission gross receipts forms are due to be filed no later than August 31<sup>st</sup> of each year. The proper form for filing gross receipts information can be found at the ORS website [www.regulatorystaff.sc.gov](http://www.regulatorystaff.sc.gov) and the appropriate form is entitled "Gross Receipts Form."

Each telecommunications company certified in South Carolina is required to file annually with the ORS the South Carolina Universal Service Fund Contribution ("USF") worksheet, which may be found on the ORS's website at [www.regulatorystaff.sc.gov/](http://www.regulatorystaff.sc.gov/). This worksheet provides ORS information required to determine each telecommunications company's liability to the State USF fund. The State USF worksheet is due to be filed annually no later than July 1st with the ORS.

12. The Company shall, in compliance with Commission regulations, designate and maintain an

authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests, and repairs. In addition, the Company shall provide to the Commission and ORS in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. Velocity shall file the names, addresses, and telephone numbers of these representatives with the Commission and ORS within thirty (30) days of receipt of this Order. The "Authorized Utility Representative Information" form can be found at the ORS website as [www.regulatorystaff.sc.gov](http://www.regulatorystaff.sc.gov); this form shall be utilized for the provision of this information to the Commission and ORS. Further, the Company shall promptly notify the Commission and ORS in writing if the representatives are replaced. If the company changes or modifies its name, the Company shall file such changes with the Commission for approval.

13. The Company shall conduct its businesses in compliance with Commission decisions and Orders, both past and future.

14. By its Application, the Company requested a waiver of 26 S.C. Code Ann. Regs. 103-631. The Commission finds the Company's requests reasonable and grants the requested waiver of the application of 26 S.C. Code Ann. Regs. 103-631. Further, the Company is granted a waiver of 26 S.C. Code Ann. Regs. 103-610 requiring the Company to maintain its financial books and records within the State of South Carolina. However, as a condition of being granted a waiver of the requirement to maintain corporate books and records within the State of South Carolina, Velocity is authorized to maintain its books and records at its principal place of business, and Velocity shall make such books and records available, at the Company's expense, to the Commission staff or the Office of Regulatory Staff upon request. Further, the Company is granted a waiver of the requirement that books and records be maintained in accordance with the Uniform Systems of Accounts ("USOA").

Last, the Commission grants the Applicant's request for the waiver of the requirement that it file a map of its service territory as required by 26 S.C. Code Ann. Regs. 103-612.2.3. The Company is directed to comply with all Rules and Regulations of the Commission, unless the Commission specifically waives compliance with a regulation.

15. Velocity shall engage in good faith negotiations with non-AT&T incumbent local exchange carriers whose networks interconnect with AT&T at the same local tandem for traffic exchange;

16. Velocity shall comply with South Carolina Regulation 103-607 in that they will obtain a bond, irrevocable letter of credit, or certificate of deposit per the Commission's requirements if the company provides pre-paid local exchange services.

17. Velocity agrees that it will allow an end-user of resold services to access an alternative interexchange carrier or operator service provider if the end-user expresses such a desire;

18. Velocity shall resell the services only of those local exchange and interexchange carriers authorized to do business in South Carolina by the Commission;

19. Velocity shall obtain Commission approval and post a surety bond in the amount of \$5,000 should the company offer prepaid calling card or long distance services in the future,

20. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

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Elizabeth B. Fleming, Chairman

ATTEST:

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John E. Howard, Vice Chairman (SEAL)